

# Obtaining a social licence to operate *vs* the social licence to explore: A comparative analysis

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## INTRODUCTION

The term social licence is becoming established in the extractive industries due to growing concern about the adverse effects and risks of mining operations worldwide<sup>1</sup>. Nonetheless, obtaining a social licence is a process of interaction for gaining and maintaining agreement and trust with the local and regional communities to conduct resource exploration and mining operations rather than an administrative licence provided by the authorities<sup>(1,2)</sup>. Furthermore, a social licence has widening importance in achieving self-sufficiency in critical raw minerals production and gaining the ability to maintain sustainable mining circumstances.

Social Licence to Operate (SLO) is an actively pursued action between the mining industry and the communities which has already received acceptance in Australia, North and South America, and is in early phases of development and recognition in Europe<sup>3</sup> and Africa<sup>4</sup>. In addition, numerous studies are available on SLO where the value, gain approaches, current views and future trends, case studies for several countries, influencing factors, among other parameters, have been analysed<sup>(5,6,7)</sup>. In contrast, social licence to explore (SLE) has had significantly less attention due to the fact that in general resource exploration is less destructive to the environment, and in turn to society.

SLE is easier to obtain because exploration does not pose environmental issues or social conflicts, in spite of the fact that people living in close proximity to exploration sites are only affected in a limited way by the exploration activities. However, mineral exploration is the first phase to affect the community, and it has a significant impact on the sentiments of local people toward the potential mining project. SLE is particularly significant in greenfields, or locations where exploration companies are strangers and typically the mining industry's inaugural representatives<sup>8</sup>.

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<sup>1</sup> Hitch, M., Barakos, G. (2021). Virtuous natural resource development: The evolution and adaptation of social licence in the mining sector. *The Extractive Industries and Society*, 8(2):100902.

<sup>2</sup> Moffat, K., Zhang, A. (2014). The paths to social licence to operate: An integrative model explaining community acceptance of mining. *Resources Policy* 39 (2014) 61-70.

<sup>3</sup> Lesser, P., Gugerell, K., Poelzer, G., Hitch, M., Tost, M., (2020). European mining and the social licence to operate. *The Extractive Industries and Society*.

<sup>4</sup> Musiyarira, H. K., Shava, P., Dzinomwa, G., (2021). An interrogation of the approach to social licence to operate (SLO) on the African continent. *The Extractive Industries and Society* 8 – 100741.

<sup>5</sup> Górski, J. (2020) - Social Licence to operate (SLO) in the Extractive and Energy Sectors - Introduction. *OGEL* 1 (2020), [www.ogel.org](http://www.ogel.org).

<sup>6</sup> Pósleman, C. S., Sallan, J. M. (2019) Social licence to operate in the mining industry: the case of Peru, *Impact Assessment and Project Appraisal*, 37:6, 480-490.

<sup>7</sup> Meesters, M., Wostyn, P., Leeuwen, J., Behagel, J. H., Turnhout, E. (2021). The Social Licence to Operate and the legitimacy of resource extraction. *Current Opinion in Environmental Sustainability*, 49:7-11.

<sup>8</sup> Nykänen, V. (2020). NEXT Research Brief on Social License to Explore. <https://www.new-exploration.tech/>.

In addition, fostering positive ties between the company and the community through open and honest discussion during exploration activities can establish the SLE and facilitate obtaining the SLO.

This research focuses on identifying the stakeholders in the community and factors that influence obtaining both SLE and SLO. The study has gone through existing literature, corporate policies to ensure sound business practices and media of different audiences regarding mining and exploration. The paper also takes into consideration the collection of opinions on SLE and SLO by interviewing mining experts, employees, students, and communities' stakeholders related to the extractive industries from different countries and cultures. Finally, a comprehensive comparison between the two versions of social licence and a business model of sustainable partnerships with society is presented, which is intended to contribute to achieving the strategic goals of continuous supply of critical raw materials and sustainability in the mining sector.

#### **METHODOLOGY:**

This study has been conducted using three interconnected approaches. Initially, the available literature on SLO and SLE was examined, and outlined numerous significant components, including the techniques for obtaining SLO, determining variables for SLO acceptance and rejection, and existing suggestions for convenient SLO acquisition. Furthermore, the paper discusses exploration methods, the effects of exploration activities on the environment, and the previously described causes that make SLE easier.

Based on developed questionnaires, the study interviews specialists in social licence from Europe, America, Asia, and Australia in the second stage. This stage sums up hands-on experiences of experts on the elements that impact people's sentiments and issues that distinguish SLO and SLE, as well as real cases of social licence failure and success.

The third stage assesses mining and exploration related opinions from ordinary people, students and mining field employees worldwide. Again, surveys are used to obtain opinions that are then analysed using numerous hypothesis and regression models. Linear, logistic, and probit regression models have been applied in these evaluations.

#### **RESULTS AND DISCUSSION:**

The paper summarises the outcomes obtained from the three steps discussed during the methodology section, as shown in Table 1. SLE and SLO can be connected in a variety of ways, with SLE having the option of establishing a foundation of trust within the local community for the SLO.

*Table 1. Social Licence to Explore vs Social Licence to Operate*

<b>Social Licence to Explore (SLE)</b>	<b>Social Licence to Operate (SLO)</b>
Pre-requisite to discover new mineral deposits	Critical for stable and sustainable mining operations
Loss of SLE can be an obstacle to the path of self-sufficiency in critical raw materials.	Loss of SLO results in termination of operations and bankruptcy
High stage promises of SLE can direct the flexibility of obtaining SLO and the other way around	High stage promises of SLO represent low socio-political risk and the other way around
Minimum credibility can be enough for obtaining an SLE	Acceptance and possession depend not only on crossing the community trust and credibility boundary but also on maintaining legitimacy
Exploration companies can build an initial platform for an SLO by maintaining regulations and growing concerns about the necessity of valuable materials	Means of attaining credibility can be efficient interaction and serious discussion with the community, and honest social and environmental actions, among other actions

Discussion of findings after exploration work and continuous engagement with the local communities can facilitate the further obtainment of an SLE	Employment services, investment in the welfare of local communities, procurement programmes, disclosure and reporting, accessible channels of communication, are some means of safeguarding credibility
Spreading environment-friendly advanced exploration and sustainable operation technologies through all means of media can change the wrong impression of people about exploration and operation	Local, national, and international broadcasters, newspapers, magazines, social media, seminars and symposiums, etc., play a vital role in influencing the motives and opinions of communities for the mining operation

## CONCLUSIONS:

Obtaining the SLO necessitates significant contributions to society, involvement, and satisfying people's concerns; nevertheless, losing the SLO is much easier and can result in substantial economic and societal damage. On the other hand, SLE is easier to obtain, but it has the potential to both destroy and strengthen good attitudes about mining operations among community stakeholders.

Scientists and specialists must place greater emphasis on SLE because it is the commencement stage for probable mining operation. Establishing and sustaining appropriate practices throughout the exploration, and large-scale discussions about the necessity and worth of minerals as well as sustaining techniques can enhance the acceptability of SLO.



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Md Ariful Islam is from Bangladesh. He completed his BSc in Petroleum and Mining Engineering from CUET, Bangladesh and MSc in Sustainable Mining and Remediation Management from TU Bergakademie Freiberg, Germany. Currently, he is working as a Research Associate and PhD Candidate at Institute of Mining and Special Civil Engineering in TU Bergakademie Freiberg. His research focuses on underground mining project evaluation, social license, and critical raw materials.

